

# **Scandinavian Broker's House, S.R.O.**

**Gareth Henry Matthews**

**Steve Tonder**

**William Franklin Herndon**

## **Notice of Intent to Invoke Administrative Sanctions Under the Kansas Securities Act and Emergency Cease and Desist Order**

Date: March 22, 2004

Respondents: Scandinavian Broker's House, S.R.O., Gareth Henry Matthews, and Steve Tonder of Prague, Czech Republic; and William Franklin Herndon of Wichita, Kansas

Allegations: The respondents solicited at least 7 Kansas residents to invest at least \$900,000 in an investment trading program to be managed by Scandinavian Broker's House, S.R.O., a company located in Prague, Czech Republic that is not registered as a broker-dealer or investment adviser in the State of Kansas. Respondents Gareth Henry Matthews and Steve Tonder are officers of Scandinavian Broker's House and are not registered as agents or investment adviser representatives in the State of Kansas. Respondent Herndon, a registered representative for Morgan Stanley DW, Inc., solicited investors on behalf of Scandinavian Broker's House without notifying his employer.

Order: The respondents were ordered to cease and desist from transacting business in the State of Kansas as broker-dealers, agents, investment advisers, or investment adviser representatives without registration. They were also ordered to cease and desist from selling unregistered securities and otherwise violating the Kansas Securities Act.

Notice of Intent: The Commissioner's staff gave the respondents notice of the staff's intention to seek sanctions in addition to the cease and desist order.

## **Consent Order**

Date: January 12, 2005

Respondents: Scandinavian Broker's House, S.R.O., Gareth Henry Matthews, and Steve Tonder of Prague, Czech Republic; and William Franklin Herndon of Wichita, Kansas

ALLEGATIONS: Dishonest or Unethical Business Practices

ORDER: On March 22, 2004, staff issued a Notice of Intent to Invoke Administrative Sanctions and alleged that Respondent William Franklin Herndon, who was both a registered agent and an investment adviser in Kansas, effected securities transactions that were not recorded on the regular books or records of the broker-dealer he represented and that he did so without written authorization. Herndon, after personal investment in Scandinavian Broker's House, S.R.O. ("SBH") encouraged seven Kansas investors, at least one of whom was a client of Herndon's, to invest in SBH.

On January 12, 2005, Respondent William Franklin Herndon entered into a Consent Order with the Office of the Kansas Securities Commissioner. He was ordered to pay a \$10,000.00 fine and his registration as an agent and investment adviser representative was suspended for at least 60 days, or until the fine is paid in full.

## **Notice of Default Order**

DATE: January 12, 2005

RESPONDENTS: Scandinavian Broker's House, S.R.O., Gareth Henry Matthews, and Steve Tonder

ORDER: A Notice of Default Order was issued to respondents after they failed to appear for an adjudicatory hearing scheduled for January 11, 2005. A Notice of Intent to Invoke Administrative Sanctions and Emergency Cease and Desist Order had been issued on March 22, 2004, and respondents had requested the hearing with regard to that Notice.

The Emergency Cease and Desist Order against the respondents became permanent. Additionally, the respondents were ordered to pay restitution of \$1,786,004 to be divided between 11 investors. Lastly, the respondents were ordered to pay a fine of \$100,000.

**Notice to Investors:** If you are not a resident of Kansas and have been affected by actions that are similar to those described in this synopsis, you should consider contacting your state securities regulator for assistance. To locate your securities regulator, go to the [North American Securities Administrators Association](#) website. If you choose to contact your state securities regulator, please inform him or her of the action taken by the State of Kansas.